M/035/0002
TASK 2663
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5:19 PAB

Minerals Regulatory Program
Division of Oil, Gas & Mining
Utah Department of Natural Resources
P.O. Box 145801
Salt Lake City, Utah 84114 - 5801

September 30, 2008

Attn: Ms. Dana Dean

Re: M/035/002 – Bingham Canyon Mine
May 12, 2008 Order Vacating NOV #N2007-58-01
Quarterly Report #2

Pursuant to the May 12, 2008 Order, Rio Tinto - Kennecott Utah Copper (KUC) reports the following significant actions and progress towards satisfaction of all conditions of the Order Vacating NOV #N2007-58-01:

- Completion of enhanced aerial photographic / survey primarily in support of the Storm Water and Sediment Management Plan and the Additional Slope Stability Study for Waste Rock within the South End Drainages.
- Completion of armouring of Yosemite outlet structure of silt basin in support of the Storm Water and Sediment Management Plan.
- Completion of three site inspections by our retained technical consulting firm URS in support of Storm Water and Sediment Management Plan.

We are also including with this report two attachments for your review:

- Attachment A is a spreadsheet that will be utilized in all future Quarterly Reports to, at a glance, reflect the status of all principal actions and progress towards satisfaction of all conditions of the Order Vacating NOV #N2007-58-01
- Attachment B reflects the status of those items presented in Attachment 1 of the March 20, 2008 Kennecott Proposal for Resolution. Those Attachment 1 items not completed at this time will be represented in the spreadsheet referenced above in all future Quarterly reports

Please contact me or Glenn Eurick at 801-569-6050, should you have any questions concerning this submittal.

Sincerely,

Chris Kaiser
Principal Advisor
Environmental Operations Support
Kennecott Utah Copper

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TASK #	TASK COMPONENT	TASK DESCRIPTION	TARGET	STATUS	SUMMARY
1	Project completion of all NOV requirements	Complete all tasks	20090729	In Process	Includes all physical and reporting tasks and actions for complete resolution of NOV Vacation Order, including quarterly reporting obligations
2	Storm Water and Sediment Management Plan	Complete all tasks	20090326	In Process	
3	Storm Water and Sediment Management Plan	Update 2003 Reclamation and Water Management Plan to include a commitment to performan additional surface hydrology study of the Yosemite drainage.	20080611	Completed 2008-06-09	
3-a	Storm Water and Sediment Management Plan	Issue contract for surface water hydrologic study	20080618	Completed 2008-05	Contract awarded to URS
3-b	Storm Water and Sediment Management Plan	Initiate detailed contouring in the study area	20080618	In Process	High resolution flyover completed August 3, 2008; supplemental mapping scheduled to be completed October 30, 2008.
4	Storm Water and Sediment Management Plan	Update the schematic/typical design drawing for installed BMP's (desilting basins) and the Eastside Collection System	20090227	In Process	As built drawings pulled, field evaluation of what is currently in place completed on June 19, 2008
5	Storm Water and Sediment Management Plan	Complete engineering drawings of engineered structures (riser pipes and overflow inlet structure).	20090227	In Process	Riser pipe drawing rough draft complete.
6	Storm Water and Sediment Management Plan	Completion of a surface water hydrologic study and include as an appendix to the 2003 Reclamation and Water Management Plan.	20090227	In Process	URS conducted field visits on June 19, August 6 and August 14, 2008
7	Storm Water and Sediment Management Plan	Include updated schematic/design drawing of desilting basins and the Eastside Collection System as well as engineering drawings as an Appendix to the 2003 Reclamation and Water Management Plan.	20090326	In Process	Original drawings pulled but need updating
8	Storm Water and Sediment Management Plan	Update text within 2003 Reclamation and Water Management Plan to include a reference to the appendix with the drawings.	20090326	To Be Completed	
9	Sediment Sampling and Removal	Update text within 2003 Reclamation and Water Management Plan to include a reference to the appendix with the drawings.	20081024	To Be Completed	
10	Sediment Sampling and Removal	Update 2003 Reclamation and Water Management Plan to include general wording regarding sediment sampling methodology similar to text submitted March 20, 2008.	20080611	Completed 2008-06-09	
11	Sediment Sampling and Removal	Completion of sediment sampling	20080827	Completed 2008-04-21	Completed
12	Sediment Sampling and Removal	Submittal of analytical results and a map showing the location of the excavated sediment, sampling locations, and Copper Notch.	20081024	In Process	Submittal date on target
13	Additional Slope Stability Study for Waste Rock within the South End Drainages	Complete all work for submittal of the additional waste rock stability study and results of DAN-W as an appendix to the 2003 plan.	20090728	To Be Completed	
14	Additional Slope Stability Study for Waste Rock within the South End Drainages	Update the text within the 2003 Reclamation and Water management Plan to include a commitment to perform DAN-W modeling and an additional slope stability study.	20080611	Completed 2008-06-09	
15	Additional Slope Stability Study for Waste Rock within the South End Drainages	Update the text within the 2003 Reclamation and Water management Plan to show that the original August 16, 2004 slope stabilization study has been completed and attach the study as an appendix to the 2003 plan.	20081024	To Be Completed	
16	Additional Slope Stability Study for Waste Rock within the South End Drainages	Complete all #16 Tasks	20090728	To Be Completed	
16-a	Additional Slope Stability Study for Waste Rock within the South End Drainages	Award contract and initiate work on DAN-W	20080619	Completed 2008-01	Joergen Pilz (Rio Tinto-T&I) awarded work in January 2008; task 50% complete; waiting on 2008 fly-over and enhanced contours.
16-b	Additional Slope Stability Study for Waste Rock within the South End Drainages	Initiate work on additional waste rock stability study	20080619	In Process	Joergen Pilz (Rio Tinto-T&I) awarded work in January 2008; task 80% complete; waiting on completion of Dan-W modeling.

Attachment B to Quarterly Report #2, M/035/002–Bingham Canyon Mine May 12, 2008 Order Vacating NOV #N2007-58-01

Implementation of Additional Controls for Storm Water and Sediment Management within the South End Drainages

KENNECOTT UTAH COPPER (KUC)

SUBMITTED TO
THE UTAH DIVISION OF OIL, GAS AND MINING
MARCH 2008

On March 20, 2008 Kennecott proposed and the Division ultimately agreed to a number of detailed deliverables regarding stormwater and sediment management in the south end drainages. The more significant of these items were explicitly included in the April 10, 2008 amended settlement proposal in Gantt chart form. At this time Kennecott is providing a detailed status update of all items in Attachment 1 of the March 20, 2008 proposal. All items originally included are at this time complete or included in Attachment A of the quarterly update Report #2 (September 30, 2008). It should be noted that a number of BMP items proposed immediately after the July 27, 2007 event are being superseded by outcomes of the surface water hydrologic study included in item 6 of the April 10, 2008 amended proposal.

ADDITIONAL SEDIMENT AND STORM WATER CONTROLS

KUC will implement the following activities to evaluate and, as appropriate, improve sediment and storm water/debris management within the Yosemite drainage:

- Completion of a professional engineering assessment of the Yosemite drainage. KUC completed this initial assessment on August 1, 2007. The assessment provided the following:
  - Engineering design for construction and installation of a riser pipe on the up gradient side of the pipeline road berm.
  - Recommended the use of debris flow modeling software (DAN-W) for an order of magnitude estimate of distance, velocity and deposition depth of debris flows as well as an estimate of storm and debris flow design capacity.
  - Status: Complete
- Removal of sediment from exsiting desilting basins and check dams within the Yosemite drainage (above and below the cutoff wall). This was completed by August 30, 2007.
  - Status: Complete
- Particle size analysis of sediment obtained from a down gradient check dam.
  - Status: Complete
- Increase the number of desilting basins between the Yosemite cutoff wall and the toe of the waste rock dump that span the length of the drainage.
  - Status: Complete; modifications pending hydro study recommendations.
- Increase the height and reinforce desilting basins and check dams with angular rocks and boulders.
  - Status: Complete; modifications pending hydro study recommendations.
- Construct additional trenches and meandering dams from angular rock between the cutoff wall and the toe of the Yosemite waste rock dumps.
  - Status: Complete; modifications pending hydro study recommendations.
- Use of bulldozers to dress the tops of the desilting basins up gradient of the cutoff wall and create staggered overflow cut-outs. Desilting basin berm tops will be brought to a consistent elevation to prevent water from short circuiting the basins. Alternating sides of each berm will be dressed to a lower elevation to ensure appropriate routing of water through the basins.
  - Status: Complete; modifications pending hydro study recommendations.

- Construct a new engineered overflow inlet box for the large desilting basin immediately up gradient of the Yosemite cutoff wall. The structure will be similar in design to the overflow inlet box within the Saints Rest desilting basin.
    - Status: Structure design is complete; bids for construction have been recieved. Drawings will be submitted in accordance with Attachment A, Task 5 in NOV deliverables. Future updates will be provided in quarterly updates of the 16 NOV deliverables.
- Installation of an engineered riser pipe with a trash hood and rack for debris management on the up gradient side of the pipeline road berm.
    - Status: Complete
- Completion of a debris flow modeling exercise (DAN-W) using topographic maps, debris basin storage capacity, meteorological data and quantity of sediment/debris transported during the July 27, 2007 event as well as prior events along the South End drainages. These activities are being completed as part of the slope stability study. The modeling exercise will provide KUC with an estimate of the expected sediment volume and flow distance from storm events.
    - Status: Ongoing. Future updates to be provided in conjunction with Attachment A, Task 16 in NOV deliverables.
- Completion of typical design drawings for installed BMP's (desilting basins and an updated collection system schematic) as well as engineered drawings for the engineered structures (riser pipe and overflow inlet structure). The drawings will be included as an appendix to the 2003 Reclamation and Water Management plan. Text within the 2003 plan will be updated to include a reference to the drawings within the appendix.
    - Status: Ongoing. Future updates to be provided in conjunction with Attachment A, Tasks 4, 5 and 7 in NOV deliverables.
- Completion of a surface hydrologic study to re-assess storm water and sediment design capacity of the collection system in Yosemite, with focus on confirming the system is sized to handle peak flows and sediment from a 10-year 24 hour storm. The study will be included as an appendix to the 2003 Reclamation and Water Management plan. Text within the 2003 plan will be updated to include a commitment to perform the study. Once the study has been completed, text within the 2003 plan will be updated to include a reference to the study, which will be contained within an appendix. Once the hydrologic study has been completed KUC intends to meet with the Division and discuss implementation of potential recommendations.
    - Status: Ongoing. Future updates to be provided in conjunction with Attachment A, Task 16 in NOV deliverables.